Creating a seamless retail customer experience

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About this report

Creating a seamless retail customer experience is an Economist Intelligence Unit (EIU) report, sponsored by Panasonic. It uncovers what the future of the customer experience could look like in retail and how retailers can create a seamless, friction-free experience for consumers. The report draws on a global survey of 491 senior executives and 2,403 consumers as well as desk research and in-depth interviews with ten senior executives, consultants and experts.

In August-September 2014 the EIU surveyed 491 senior executives, 62 of whom (13%) are in retail. Of the retailers surveyed, around one-third (35%) are C-level executives or board members, and the vast majority (89%) work in IT. The retail respondents come from across the world, with 55% based in North America, 35% in Europe and the remaining 10% in the rest of the world. Around two-thirds (68%) of the retailers surveyed record annual sales of over US$500m.

The EIU also surveyed 2,403 consumers aged between 18 and 65 from across the world, with 8% each from the following countries: Australia, Brazil, Canada, China, France, Germany, India, Japan, Mexico, Russia, the UK and the US.

Our thanks are due to the following experts for their time and insight during the in-depth interviews (listed alphabetically):

- Julie Carlyle, head of retail, EY

- Richard Cope, senior trends consultant, Mintel

- Amanda Glover, senior manager (PR), Marks & Spencer

- Miya Knights, senior research analyst, IDC

- Peter Massey, managing director, Budd

- David McCorquodale, head of retail, KPMG UK

- Valerie Nygaard, senior director of buyer experience, eBay

- David Oliver, head of retail consulting, PwC

- Bill Price, president of Driva Solutions and formerly Amazon's first vice-president of global customer service

- Ben Silcox, head of data and digital, Havas EHS

The report was written by Michael Kapoor and edited by Martin Koehring.

Executive summary

People have changed the way they shop. Rather than going to the nearest store to research and make a purchase, many will now research online and buy in-store, or vice versa. Moreover, especially with mobile technology becoming more popular, people expect to be able to shop whenever they want and wherever they are. Retailers have little choice but to react to behaviour that has already changed, and to consumers who are increasingly intolerant of being told that they must fit in with a seller's choice of time and location.

In practice, this can mean some major changes for retailers, whose operations are often organised around a physical store network, with separate businesses covering areas such as online and telephone sales. Companies need to reorganise to abolish the distinction between individual business units. Staff incentives and targets need rethinking, so that they take account of wider sales, including online, rather than simply measuring the performance of an individual store or sales channel. And there needs to be investment in information technology (IT), so that all the various platforms are unified from a user's point of view.

In this report The Economist Intelligence Unit (EIU) asked retailers and analysts what has been done already, and what needs to be done, to become omnichannel—meaning not just whether retailers are using a variety of sales platforms, from physical stores to online and smartphone apps, but also whether they have joined up the various technologies being used, so that customers enjoy a seamless shopping experience wherever and however they buy. We also separated out the retailers who responded to the global survey to get a snapshot of industry opinion.

The main findings include the following.

Many big retailers are working towards omnichannel, but progress remains modest.
Online continues to account for a relatively small share of the total retail market, but big retailers increasingly accept that they must offer a good service across different platforms—and join them together effectively. However, our survey found that many retailers have yet to carry out basic steps, such as adapting their websites to mobile apps. Few have hired a person to take overall charge of the customer journey or have unified their customer service across platforms, suggesting very little progress towards omnichannel retailing.

As in other sectors, retailers blame internal silos for slow progress. Our survey respondents blame internal organisational factors rather than technology for the lack of progress towards omnichannel. Reorganising a company and introducing fresh IT systems to unify the various platforms in use can be expensive and take years; hence, some time lag is inevitable. However, there is also fierce internal opposition to store closures, despite rising online sales and excess store capacity.

Omnichannel changes the function of retail stores, and retailers are starting to respond. Consumers increasingly combine different platforms when making a purchase, researching online before buying in-store or over a smartphone (or vice versa). This hybrid approach means that stores will increasingly be used for browsing and research before the customer decides when to buy, and over which platform. Retailers are starting to use in-store technology in response to this, allowing people to bypass queues by using payment apps, research products through kiosks or beacon technology, and using their website to broaden the range of products available in-store.

Online and traditional retail practices are starting to merge. Our survey found that online retailers such as Amazon and eBay are rated best for customer experience. Now, traditional retailers are following their example to join up online and mobile services with their in-store offering and are developing their websites to offer eBay-style collections and personalised selections. Online retailers, meanwhile, are starting to launch their own stores to plug a big gap in their offering and are teaming up with traditional retailers to launch "click and collect" services.

Introduction

From the bare figures, retailers could be excused for questioning the importance of the online revolution. For all the talk, even in the most developed markets online accounts for only a small proportion of sales. In the US, for example, online retail sales (excluding travel and financial services) accounted for just 6.6% of total retail sales in the third quarter of 2014, although this was up from around 4% five years ago.[1] And there is little sign that people will stop going to the shops for basics such as clothes and food any time soon. People still want to see and try certain goods before buying them.

For some retailers, such reasoning remains compelling; discount supermarkets such as Germany's Aldi and Lidl concentrate on achieving economies of scale in-store to undercut bigger rivals. They have largely ignored online and smartphone sales because they would dilute their core offering: a relatively limited number of goods stacked high and sold cheap. However, for other retailers the new technology has already had an impact well beyond its size.

Simply put, online—and increasingly also mobile—technology is changing the way people shop, and retailers must be up to speed regarding these new platforms to compete. Partly, this is because online will continue to take an increasing proportion of the market; in the UK, for example,

online retail sales accounted for almost 11% of total sales in the third quarter 2014,[2] compared with under 7% in the US, but these shares are expected to double, or even triple, over the next two decades. Indeed, the US online retail growth trajectory is likely to be even more impressive than the UK story because the US share is starting from a lower base but in a more developed economy. Hence, many bricks-and-mortar retailers will lose market share if they do not have a good presence in e-commerce. But an equally important shift is that people now use a variety of means to make a purchase, researching online before buying in-store or vice versa. They expect to be able to shop how and when they like, and will spurn retailers that do not offer them a choice of shopping platform.

The implications of this for retailers are significant. Not only must they be up to speed on the basic technologies, they must also join up their presence on the various individual platforms, so that customers can switch between them or use them simultaneously (such as buying something on their smartphone that they previously spotted in-store). By itself this can be a huge challenge: web and telephone sales, for example, were often developed as separate business units; therefore, joining them together can mean a major change in organisational structures and IT systems. This is an important

[1] *US Department of Commerce, Quarterly Retail E-Commerce Sales 3rd Quarter 2014*, US Census Bureau News. Available at: http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

[2] *Retail Sales*, Office for National Statistics. Available at: http://www.ons.gov.uk/ons/rel/rsi/retail-sales/index.html

shift that can require major investment and take a significant amount of time.

On this level, many big retailers believe they are catching up, sometimes after a thoroughgoing review of their online presence and systems lasting several years. However, progress on the wider questions remains uneven. If more people shop online, do they need fewer physical shops? If the shift is towards a hybrid approach to shopping, using several different platforms, does this change the role of the physical stores, away from purchasing and towards browsing and testing? Can new technologies help with this, and should physical stores now assume the need for apps to help people choose matching outfits, for example?

The answers to these questions remain up for debate, but the growing consensus among big retailers is that they must now be present across the various platforms available today and join them together seamlessly from the customer's point of view. In this report we ask what they need to do, and whether they are actually doing it.

1

The new reality

Across the world, department stores are struggling: from the failed UK retailer Woolworths to the loss-making JCPenney in the US, they are finding that the Internet has challenged their raison d'être—a wider variety of goods is available online, and at better prices, than can be housed in even the biggest store. Their old one-stop-shopping argument looks tired.

But for all these problems, some of the best-performing retailers are department stores such as Macy's and John Lewis, both of which have outperformed the general retail (let alone department store) market in their home markets of the US and the UK, respectively. In both cases they were early adopters of online sales channels and then an omnichannel approach, rejigging their operations to abolish distinctions between channels and using in-store technology heavily so that customers can use their smartphones to access information while visiting a store, for example.

The success of these initiatives can be seen in their financial results,[3] and also in the results of other retailers that have fallen behind here. Marks & Spencer (M&S) launched a big drive into omnichannel at the start of 2014 after struggling with its fashion sales, in particular, and falling behind with its online service (see case study below). Meanwhile, the big UK supermarket chain Morrisons belatedly launched home delivery after it saw like-for-like sales falling over the crucial Christmas period.[4] The results of our surveys of consumers and business executives suggest that more retailers are playing Morrisons-style catch-up than Macy's-style innovation.

Consumers make little distinction between the various platforms on offer today, and they judge companies squarely on their overall performance. They value speed, simplicity, quick responses to questions and reliable delivery, rather than worrying about whether they shop online or in-store (see chart below). And they will walk away from companies that fail to satisfy these demands.

Omnichannel blurs distinctions between physical and online retail

For retailers, this is particularly important. "The Internet has removed old barriers [faced by customers] such as geography," says Peter Massey, managing director of Budd, a customer experience consultancy. Our survey results suggest that traditional retailers have some work to do to convince people that they are as good as the likes of Amazon for customer service. Consumers do recognise that retailers are at the forefront here, narrowly voting them best sector for customer experience ahead of consumer goods and banking. But they single out online, rather than traditional, retailers for praise (only Wal-Mart makes it into the top five for customer experience, in a list headed by Amazon and eBay).

It is a gap that traditional retailers need to close as omnichannel starts to blur the distinctions between physical and online retail, and as changing shopping habits promise severe disruption to traditional shops. Some sub-sectors, such as books and electronics, have already been taken over by online sellers, leading to the collapse of big chains such as Borders and Comet. But the impact will be broader than that.

[3] "John Lewis Partnership plc Interim results for the half year ended 26 July 2014", John Lewis Partnership. Available at: http://www.johnlewispartnership.co.uk/media/press/y2014/press-release-11-september-2014-john-lewis-partnership-plc-interim-results-for-the-half-year-ended-26-July-2014.html; and "Macy's, Inc. Reports Third Quarter Earnings of 61 Cents Per Diluted Share, an Increase of 30% over Last Year", Macy's. Available at: http://phx.corporate-ir.net/phoenix.zhtml?c=84477&p=irol-newsArticle&ID=1988760

[4] "Tesco and Morrisons see sales slide", BBC News, January 9th 2014. Available at: http://www.bbc.co.uk/news/business-25664398

> **"**
> Consumers value speed, simplicity, quick responses to questions and reliable delivery, rather than worrying about whether they shop online or in-store.
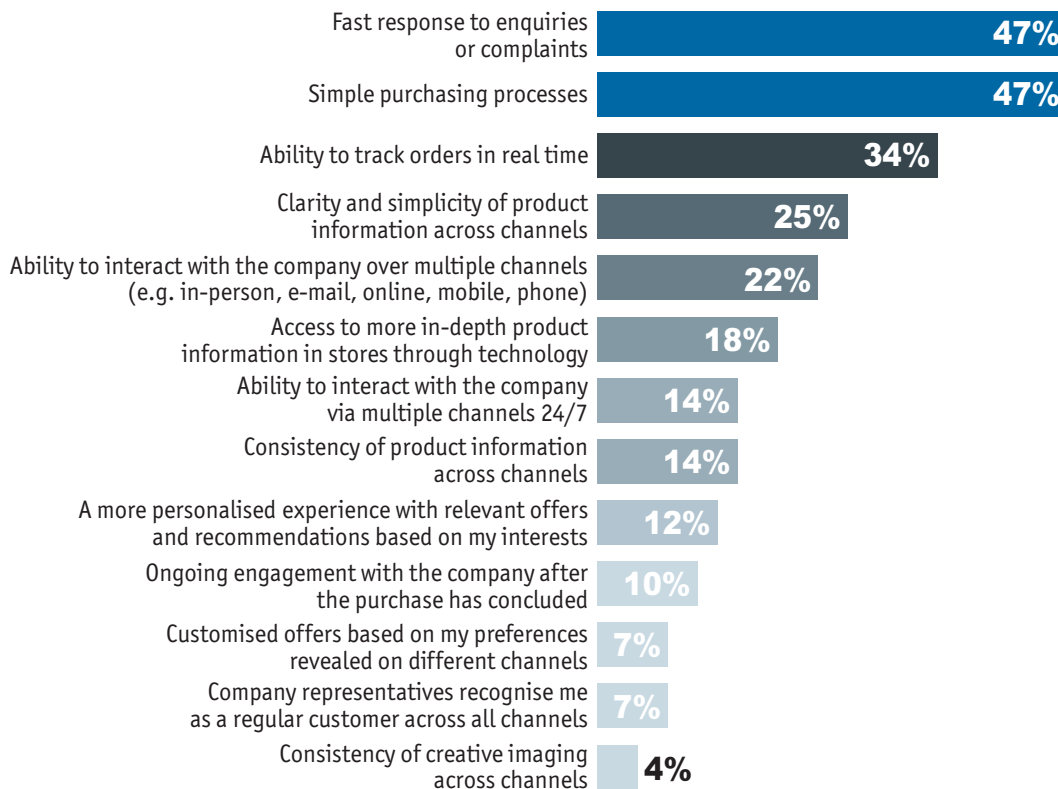> **"**

Chart 1

Q **Thinking of the ideal customer experience, which of the following elements are most important to you?**

Please select up to three (% respondents, consumer survey)

Fast response to enquiries or complaints	47%
Simple purchasing processes	47%
Ability to track orders in real time	34%
Clarity and simplicity of product information across channels	25%
Ability to interact with the company over multiple channels (e.g. in-person, e-mail, online, mobile, phone)	22%
Access to more in-depth product information in stores through technology	18%
Ability to interact with the company via multiple channels 24/7	14%
Consistency of product information across channels	14%
A more personalised experience with relevant offers and recommendations based on my interests	12%
Ongoing engagement with the company after the purchase has concluded	10%
Customised offers based on my preferences revealed on different channels	7%
Company representatives recognise me as a regular customer across all channels	7%
Consistency of creative imaging across channels	4%

Source: The Economist Intelligence Unit survey, September 2014.

The Internet has not increased the absolute level of retail sales, according to Ben Silcox, head of data and digital at Havas EHS, a UK-based marketing consultancy. Mr Silcox points out that in the UK and the US retail sales have continued to fluctuate broadly in line with consumer demand and spending power. Therefore, in terms of the overall market, the Internet is changing the mix of sales away from physical stores. Miya Knights, senior research analyst at IDC, an American market research company, points to a study which suggests that the UK has over 20% more store space than it needs for today's sales levels, while 15% of US shopping mall store space is expected to shut over the next five years.[5]

This shift, while being accelerated by the rise of online shopping, would have happened anyway. Shopping malls have been built apace in the US since the 1950s, for example, and there is now simply too much shopping space for people's wallets to support, making rationalisation inevitable. According to the International Council of Shopping Centres (ICSC), for every American shopper there is 23.8 sq ft of shopping mall space, compared with 5 sq ft in the UK, 3.9 sq ft in Japan and 2.7 sq ft in Germany.[6] No new enclosed malls have been built since 2006 in the US, and the financial crisis of 2008-09 has hit consumer confidence and spending power hard enough to make mall closures inevitable. Howard Davidowitz, chairman of the retail consultancy Davidowitz & Associates, expects up to half of America's shopping malls to fail within 15 to 20 years.[7]

The direct impact of online sales on the malls has been limited so far, but it is significant. Overall,

5 "Is the Internet killing traditional shopping malls?", WWL, August 28th 2014. Available at: http://www.wwl.com/pages/19787977.php

6 "Bloated US retailers must cut stores to survive", FT, December 16th 2013. Available at: http://www.ft.com/cms/s/0/e5df2eac-6443-11e3-98e2-00144feabdc0.html#axzz3LzWM2rtB

7 "America's Shopping Malls Are Dying A Slow, Ugly Death", Business Insider, January 31st 2014. Available at: http://www.businessinsider.com/shopping-malls-are-going-extinct-2014-1?IR=T

online retail sales (excluding travel and financial services) accounted for less than 7% of total US retail sales in the third quarter of 2014.[8] However, online does dominate some sectors, such as music and book sales, and is increasingly important for items such as sports shoes. This shift is fuelling a move away from shopping as a social activity, with teenagers less likely to spend their weekends browsing in the local mall. According to ShopperTrak, a research firm, shop visits have fallen at an annual rate of more than 5% in every month for the past two years,[9] fuelling the demise of the shopping mall.

This is a major shift in the retail landscape that will undermine companies which do not respond convincingly by being able to sell online and over mobile devices as well as in-store. Perhaps the most graphic example of this is the US bookseller Borders, which filed for Chapter 11 bankruptcy in 2011. It had failed to react to a changing market, continuing to expand its physical store network, launching an e-reader too late and outsourcing

its web operation to Amazon, an arch-rival for online sales. By contrast, the bookseller Barnes & Noble survived by developing its online and e-reader operations in tandem with its physical store presence in an early example of a joined-up approach to today's retail market.

"The overall size of the retail market might not be impacted [by the growing popularity of Internet shopping]," says David Oliver, head of retail consulting at PwC, "but it will continue to have a huge impact on the business of individual retailers." Put another way, some will lose sales heavily, while others will learn to compete across the board and thrive. Some retailers are taking a phased approach to this. M&S, for example, talks of an evolution from being a bricks-and-mortar retailer to a multichannel company selling over different platforms and eventually to an omnichannel retailer integrating all of the different platforms not only for sales, but also in terms of its marketing effort, logistics and branding (see case study below).

[8] *US Department of Commerce, Quarterly Retail E-Commerce Sales 3rd Quarter 2014*, US Census Bureau News. Available at: http://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

[9] "Home Depot's Earnings Driven by Big-Ticket Items", *The Wall Street Journal,* August 19th 2014. Available at: http://www.wsj.com/articles/home-depot-raises-outlook-after-earnings-rise-1408443787?mobile=y

[10] "Marks & Spencer launches online drive", *The Telegraph*, May 1st 2014. Available at: http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/10802873/Marks-and-Spencer-launches-online-drive.html

Case study: Marks & Spencer's aspiration to become omnichannel

Go back to 2009, and Marks & Spencer (M&S) looked to be in some trouble as it announced the appointment of a new boss, Marc Bolland. The 150-year-old British retailer was still the biggest clothes seller in the country, and its (relatively upmarket) food sales were healthy. But the problems were mounting, reflected in a slide in general merchandise (including fashion) sales, and indeed in the company's reputation for value and quality.

Mr Bolland responded with a three-year plan, including a major investment into becoming an omnichannel retailer. Results still look shaky—in the three months to June 2014 clothing sales fell by 0.6%, with online sales down by 8.1% following a lightly marketed relaunch of the company's website. But the future looks much brighter, with a drive into omnichannel promising not just an increase in online sales but also a much broader, more modern, in-store experience.

In many ways the core problem was one of identity: in fashion, M&S was unsure whether it was competing against new arrivals such as Primark, appealing to a young, price-

sensitive audience, or against the more upmarket John Lewis department store, appealing to richer, older folk. The search for younger, trendier buyers on top of the traditional older clientele fed a plethora of sub-brands, which simply confused shoppers. The quality of both merchandise and stores was mixed, with some heavy discounting to appeal to the youngsters. The product range and supply chain were both too complex. And the website was outsourced to Amazon, based on an old platform ill-suited to modern retailing.

Mr Bolland has spent heavily on sorting out the problems, refreshing the product range and the stores to reinvent M&S as a mid-priced competitor to John Lewis—accepting that the average age of M&S customers is around 50. As part of this the company has spent some £150m launching its own website and moving towards omnichannel. On the company's own figures, only 6.7m of its 34m annual customers shop with M&S both in-store and online. Some 8.3m shop only in-store. And, rather remarkably, some 19m—56% of the total—only shop in-store with M&S, but shop with competitors online.[10] If M&S can make its huge customer base shop online as well

as in-store—and join things up to make it easier to buy items spotted in a shop over the website—then sales could surge.

To gear up for the launch of its own website, M&S recruited technical and online experts. "This gave us internal development capacity," says Amanda Glover, senior corporate PR manager at M&S, adding that it is now easier to update, extend and upgrade the new platform. M&S also appointed a single person to take charge of omnichannel retailing. The website went live at the start of 2014, after having learnt some lessons from online specialists such as eBay, including the use of newsletters and collections to grab customers' attention and loyalty. Initially, the results were disappointing, with online trading falling after a slightly clumsy relaunch. The new website was only lightly marketed, and existing customers had to re-register on the new site, causing confusion and a short-term fall in usage.

Nonetheless, the new website works well enough; it can be easily updated and developed and is central to M&S becoming

more convincingly multichannel as it gears up for a genuinely omnichannel future. Distribution has been rethought, with e-commerce orders (including "click and collect") from a single giant warehouse as part of a wider rationalisation of the company's fragmented distribution chain. And some flagship stores are embracing multichannel, with assistants wielding tablet computers so that they can use the website to offer in-store customers a wider product choice and kiosks to allow people to self-serve online.

This development has not turned M&S into a state-of-the-art omnichannel retailer yet—there is no sign of beacon technology to guide people around purchases and the store, for example, and many of the smaller stores use only parts of the new approach for lack of space. But enough has been done to forge a multichannel future for M&S, including the use of online technology to increase international sales in markets (for example, some of the smaller EU countries) where it lacks a store presence.

Our survey suggests that many retailers are still at a very early stage where omnichannel is concerned and have a surprising amount of work to do to become (in M&S terms) a convincing multichannel retailer.

Retailers only at early stage of omnichannel

Retailers such as M&S and John Lewis, for example, which aspire to become omnichannel tend to appoint a single person to be in charge of the customer journey. But of the retailers we surveyed less than half (39%) had taken this step, compared with around half of respondents across all industries. In terms of methods to support a consistent omnichannel customer experience (see chart below), only one-third of the retailers we surveyed track customer behaviour across channels, meaning they are simply failing to exploit the wealth of customer information they have worked hard to garner through loyalty cards and the like. Moreover, well under one in five (16%) use barcode scanning in-store to provide product information. Meanwhile, in terms of technologies used to deliver a

seamless customer journey, only one-third of retailers have customised their online content for different devices such as tablet and mobile phone use. Perhaps even more tellingly, most (two-thirds) still look at simple sales volumes as a way of measuring performance and largely ignore longer-term questions, such as the length of customer engagement (only 27% of retail respondents).

For customers increasingly used to shopping over a variety of platforms, the effects of this can seem absurd. One retail journalist tells the tale of how he tried to buy a Star Wars figure online from a big retailer. The retailer simply sent him whichever figure was in stock, rather than the one he asked for or that was illustrated on the site.[11] Like physical stores refusing to accept returns from online orders, customers simply do not understand or accept behaviour like this—and they will stop doing business with the offending companies. Changing things is possible, but it will not happen without a strong commitment from senior management, and some heavy outlays of cash and time.

[11] "Tesco's Star Wars online lottery", Retailinsider.com. Available at: http://www.retailinsider.com/2014/01/tescos-star-wars-online-lottery.html

The Economist Intelligence Unit

Chart 2

Q **Which of the following methods does your organisation use to support a consistent omnichannel experience for customers?**

Please select all that apply (% of retail respondents, executive survey)

Method	%
E-commerce platforms	55%
Loyalty programmes	48%
Search engine optimisation	40%
Training for staff to offer consistent messaging	40%
Tracking customer behaviour and preferences across channels	34%
Mobile payment platforms	34%
Integration of creative elements across channels	31%
In-store analytics	27%
Use of offline messages to drive digital activity	24%
Use of in-store technology such as digital signage to reinforce offers promoted through other channels	18%
Site retargeting	16%
QR codes to provide product information in-store via smartphone	16%
Geo-aware applications	6%

Source: The Economist Intelligence Unit survey, September 2014.

" Most retailers still look at simple sales volumes as a way of measuring performance, and largely ignore longer-term questions such as the length of customer engagement. "
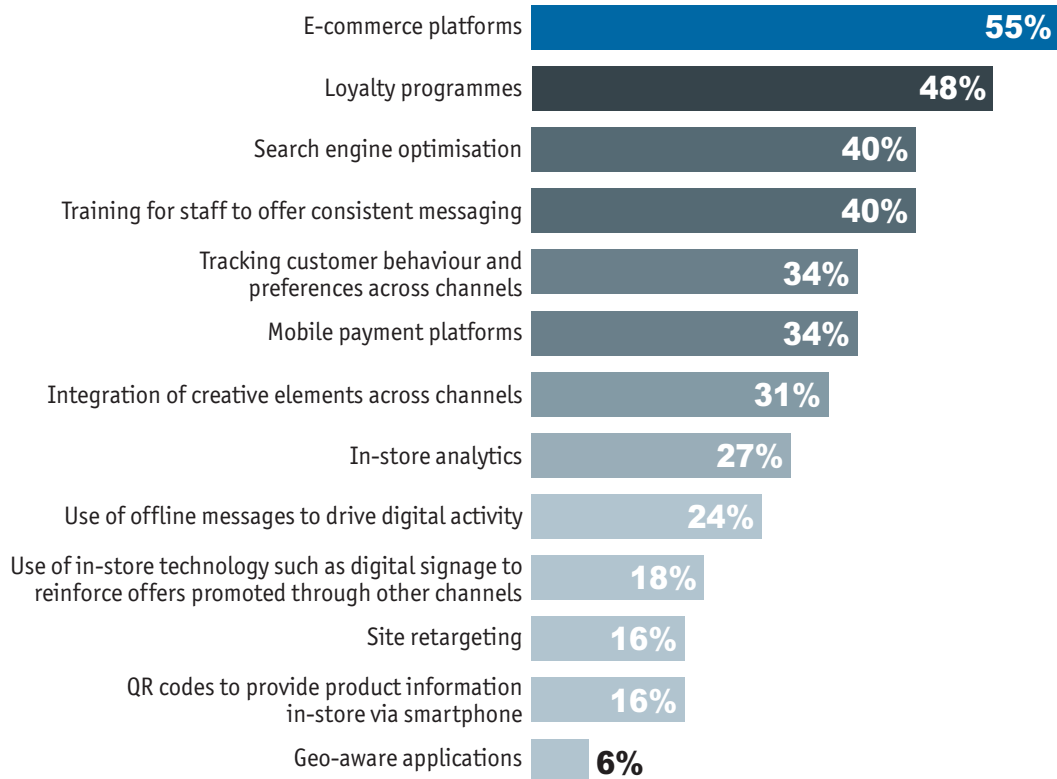
2 The journey to omnichannel

Like executives in other industries, retail executives blame silos within their organisation for the failure to join up their various sales channels (see chart below). Many are still focused on big store networks built up over decades and have treated new sales channels such as online as a separate business. Sorting that out can mean a deep restructuring of the entire organisation, and perhaps a painful one if rising online sales mean that fewer physical stores are necessary. But retailers which are moving towards omnichannel highlight that fundamental change is necessary—not only to avoid upsetting customers, but also to exploit the new opportunities from new technology.

According to our survey, online retailers are regarded as being the best for customer service, led by Amazon and eBay. This is not

surprising, since these companies were set up as web companies and have the systems—and understanding—to integrate other platforms, from telephone to smartphone apps. However, as an omnichannel approach starts to blur the boundaries between online and physical retailer, so can traditional retailers be seen as taking the same steps as online specialists and online companies as trying to replicate a physical store presence.

M&S is spending heavily on "publishing", for example, after relaunching its website at the start of 2014. It collates collections and has launched e-magazines to foster brand loyalty among its online customers—the same approach that eBay is using to create a shop window for its online-only customers. "We're plugging the gaps [left by being an online retailer without a store presence]," says Valerie Nygaard, senior director of buyer experience at eBay. Equally, both Amazon and eBay are teaming up with retailers to offer "click and collect" services, in an attempt to compete with the convenience of traditional retailers' store networks. Online retailers are also starting to pilot their own physical stores, and both online and physical retailers are launching out-of-hours collection points, for example at railway stations.[12] Retailers, both web and traditional, are working hard to make online shopping easier for people away from home.

Online retailers can be strong on many aspects of omnichannel, with a well-integrated presence online both over the phone and in mobile apps and reliable systems for payment and delivery. But they also have some major flaws compared

Chart 3

Q **What obstacles stand in the way of improving your organisation's customer experience?**

Please select up to two (% of retail respondents, executive survey)

Silos within the organisation	27%
Lack of integrated information systems	27%
Lack of senior management vision and leadership	24%
Inflexible technology and application infrastructure	24%
Lack of consolidated 360 degree view of the customer across touchpoints	19%
Lack of employee incentives for collaboration	16%

Source: The Economist Intelligence Unit survey, September 2014.
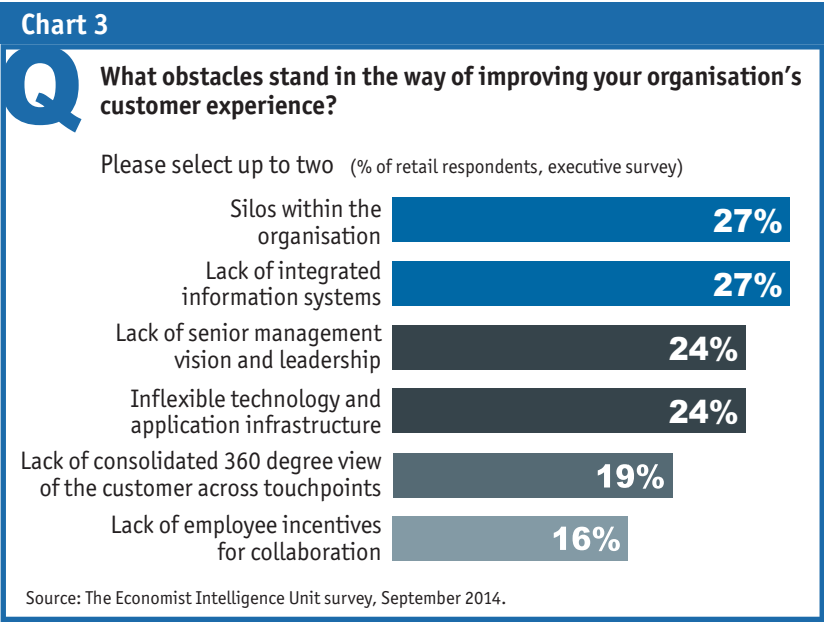
with traditional retailers: people cannot see and try out goods before buying; they need to be at home to take delivery and can face a bewilderingly large choice of products without the filtering done by physical displays in bricks-and-mortar stores.

Therefore, online retailers are trying to fill these service gaps, while traditional retailers are trying to catch up with the online specialists for joined-up remote services. Both eBay and Amazon have launched homepage collections on related-item ideas and use data analysis to suggest goods to buy based on a consumer's shopping history. These are attempts to filter the huge selection of goods on offer on the one hand, and to offer a more personalised service on the other. "Retailers are sitting on a huge amount of information about their customers," says Julie Carlyle, head of retail at professional services firm EY. This is especially true of online retailers, which can trace every purchase back to an individual whose address and buying patterns they know. The challenge remains to sift through such a vast amount of information effectively.

Technology is starting to become available to help here, and both online and traditional retailers are increasingly exploiting it to make online shopping easier. Mobile apps such as Virtusize, a virtual fitting solution developed in Sweden, enable people to see how well clothes will fit and try on a selection of clothes remotely, as online retailers attempt to tackle people's reluctance to buy fashion online without first trying things on. Traditional stores such as Macy's and M&S are following a similar approach, with both collating collections on their homepages to prompt online buyers and using editorial content to foster their loyalty. Both have introduced in-store kiosks allowing customers to use the new technology to broaden their in-store options.

Some retailers are starting to experiment with using their physical stores purely as a place for people to browse, rather than buy. The UK

retailer House of Fraser, for example, is trialling showroom stores that do not stock any products. Instead, people must order online. Some branches will become simply display points for certain items, and a place to order and collect items bought online.[13]

Other retailers are using in-store technology, both to join up their multi-platform activities and to gather information about their customers, allowing them to tailor their offerings more effectively. The DIY chain B&Q, for example, is experimenting with fixed kiosks, where people can access its website over a tablet in-store, and with equipping its sales people with tablets so that they can offer wider advice on the spot.[14] Bar codes on its in-store products allow customers to scan them for more information. B&Q is also using technology to garner information on customers, offering free in-store Wi-Fi so that it can see where and when they go to a store through their logins, as well as loyalty cards that allow it to track online and mobile purchases. Work remains to be done for B&Q before it can extend this to a detailed picture of in-store purchases, but it is laying the foundations to be able to give customers personalised offers based on their shopping habits.

Physical and online retailing starts to converge with "click and collect"

Equally striking, perhaps, are the similarities in approach between physical and online retailers to making the delivery and collection of items easier: our survey found that prompt and reliable delivery is one of the top-three aspects cited by respondents when asked to choose the industries that provide the best customer experience. A big advantage of Amazon, for example, is that is has an efficient centralised warehouse distribution network aimed at fulfilling online orders quickly and cheaply. This is one of the basic areas for physical retailers to tackle when they become omnichannel. M&S has set up a dedicated warehouse for e-commerce orders as part of the

> "Many retailers are still focused on big store networks built up over decades and have treated new sales channels such as online as a separate business."

[13] "Mixing bricks with clicks", The Economist, May 23rd 2013. Available at: http://www.economist.com/news/business/21574018-some-online-retailers-are-venturing-high-street-mixing-bricks-clicks

[14] "B&Q upgrades to become a leader", InternetRetailing, October 7th 2014. Available at: http://internetretailing.net/issue/internetretailing-magazine-september-2014-volume-8-issue-6/bq-upgrades-to-become-a-leader/

[15] "John Lewis' retail warehouse is not sexy, but it delivers", *The Telegraph*, December 13th 2010. Available at: http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/8197646/John-Lewis-retail-warehouse-is-not-sexy-but-it-delivers.html

[16] "Argos extends eBay tie-up to bring click-and-collect service to 650 stores", *The Guardian*, July 3rd 2014. Available at: http://www.theguardian.com/business/2014/jul/03/argos-ebay-click-and-collect-service-650-stores

[17] "Convenience is king, as click & collect expenditure is set to hit £6.5bn by 2019", *Verdict*, September 17th 2014. Available at: http://www.verdictretail.com/convenience-is-king-as-click-collect-expenditure-is-set-to-hit-6-5bn-by-2019/

[18] "Carrefour reveals omnichannel challenges", *Kantar Retail*, June 28th 2014. Available at: http://www.kantarretailiq.eu/ContentIndex/PublicNewsDisplay.aspx?id=630025&key=WDXcfcl%2BkY72WDd8h085lQ%3D%3D

relaunch of its online services (see case study in previous chapter), and John Lewis set up a giant distribution centre when it launched its omnichannel offensive back in 2009.[15] As well as allowing the timely, cost-effective fulfilment of online orders, it allowed John Lewis to pioneer click-and-collect services back in 2009-10, with guaranteed delivery of an online order to a store of the customer's choice by 9 am the next day.

Lacking a physical store network, online companies are looking to team up with general retailers to plug the gap with click and collect, which is proving popular as a way for working people to bypass the problem of having to be at home to receive a delivery. eBay decided to trial this in the UK, one of the most developed click-and-collect (and online retail) markets, through a tie-up with Argos,[16] a catalogue-cum-online retailer with around 650 stores nationwide, where close to one-third of online orders are via its click-and-collect service.

Analysts expect click and collect to soar in popularity as it becomes more established: the retail consultancy Verdict, for example, expects the UK market to grow by more than 80% from today's levels, to £6.5bn by 2019.[17] That is prompting retailers to experiment with new collection methods, including lockers (and

for food, chilled lockers) at train stations. Some supermarkets, such as Wal-Mart in the US, are experimenting with dedicated drive-through collection points for online orders at existing stores (see case study on the next page). In essence, this is a response to consumer demands to be able to shop whenever they want, and to pick things up at their convenience.

There is plenty of overlap between online and traditional retailers in areas such as click and collect as they respond to the problems of online selling. An omnichannel approach can help to join things up. If you look away from the more advanced retailers, the problems are often at a basic, if big, level. In June 2014 the giant French retailer Carrefour listed its main omnichannel challenges as the creation of a single unified customer relationship management database between all of its divisions; linking loyalty card information to its website and smartphone apps usage data; and combining internal data such as loyalty and website usage with external factors such as the weather.[18] It took M&S more than two years to develop the systems to back up its omnichannel ambitions, and even the biggest global retailers regard it as a work in progress. Our survey found that less than half of retailers have set up an integrated customer response unit, for example (see chart below).

Chart 4

Q **Which of the following methods does your organisation use to respond to customer complaints or negative comments?**

Please select all that apply (% of retail respondents, executive survey)

We have an integrated customer response unit that handles all complaints and negative comments	48%
We provide feedback forms on our websites	44%
We monitor social media posts and respond to complaints or negative comments in the relevant forum	40%
We monitor social media posts and respond directly to consumers	40%
Each channel management team handles its own complaints and negative comments	34%
We do not respond to customer complaints or negative comments	3%

Source: The Economist Intelligence Unit survey, September 2014.

Case study: Wal-Mart shows how physical stores remain a core pillar of an omnichannel strategy

Only one bricks-and-mortar retailer makes it into the top five for customer service in our survey: Wal-Mart of the US, which has embraced omnichannel as a way to compete with Amazon and in response to changing shopping habits. For now, its online sales remain small. However, it is experimenting with a host of initiatives designed not just to integrate its big store presence with its online one, but also to make shopping easier and quicker—and to make its store network useful to today's connected consumer.

Wal-Mart got into e-commerce more than a decade ago, but it remains a small part of its business: net sales were US$473bn in the year to end-January 2014, of which online accounted for just US$10bn, or 2%. Even in absolute terms, the world's biggest retailer remains a minnow among web sellers, with Amazon outselling it by a factor of around seven to one. So when Wal-Mart decided to go omnichannel, it was not trying to transform itself into an Internet seller. Rather, it was trying to combine its biggest asset—a large store network—with new technology to avoid having its customers poached by dedicated online sellers.

In the US, Wal-Mart has more than 4,000 stores within five miles of two-thirds of the population. It plans to turn these, in combination with other distribution centres, into what it calls its "next-generation fulfilment centres".[19] It is actually a simple idea. Rather than fulfilling web orders from big warehouses sometimes hundreds of miles away, they route them from a nearby store, whose employees pick out the goods and transport them to houses a few miles away. It is quick, cheap and has helped the company to launch same-day delivery services. But it was far from easy or cheap to organise: Wal-Mart spent some US$430m on order-management systems to enable the move and had to retrain staff to manage the stock effectively.[20]

The company is trialling ideas, including drive-through pick-up of orders and mobile-phone checkout at stores to avoid queues. Wal-Mart shows both how retailers must respond to customer demands for more flexible and speedy service and how traditional retailers must rethink the use of their store networks. Physical stores are not obsolete. Rather, they are now a core pillar of an omnichannel strategy—even if fewer people actually buy their goods there.

Function of physical stores is changing

Traditional retailers face an additional challenge to streamlining their online sales platforms, of course. They are also sitting on big store networks, which will need rethinking as more shopping goes online—Green Street Advisors, a research firm in the commercial-property industry, reckons that about 15% of US malls will either close or be converted into non-retail space over the next decade, for example.[21] Fundamentally, the switch in consumer habits towards a hybrid shopping approach means that "the function of stores will change", according to David McCorquodale, head of retail at KPMG UK.

Some of these changes are already becoming evident, with click and collect offering an obvious edge to retailers battling the price advantages of an online seller such as Amazon, which is largely reliant on people being around for home delivery. But stores are also looking to new technology, both to encourage people to buy things in-store and to foster the advantages of bricks and mortar for product research.

Leading omnichannel retailers such as Macy's, John Lewis and indeed Apple are experimenting with technology that makes it easier for people to shop in-store. As well as arming assistants with tablet computers so that they can work in partnership with online sales, they are looking for ways to allow people to bypass the long queues at peak hours, from payments apps such as Apple Pay that allow people to pay over their

[19] "Walmart Announces New Large-Scale Centers Dedicated to Filling Online Orders", *Walmart*, October 1st 2013. Available at: http://news.walmart.com/2013/10/01/walmart-announces-new-large-scale-centers-dedicated-to-filling-online-orders

[20] "Wal-Mart: A Pro in Physical-Store Retail Logistics", *The Wall Street Journal*, June 18th 2013. Available at: http://online.wsj.com/articles/SB10001424127887323566804578553300075547368

[21] "Is the Internet killing traditional shopping malls?", *WWL*, August 28th 2014. Available at: http://www.wwl.com/pages/19787977.php

> **Stores are also looking to new technology, both to encourage people to buy things in-store and to foster the advantages of bricks and mortar for product research.**

smartphones and then collect goods without queuing, to kiosks allowing people to browse and pay over a large screen and sometimes to experiment with different outfits. Then there is the increasing popularity of beacon apps, which allow people to scan a product, find out about it and its price and be directed to where it is located in-store. The technology is developing apace, but physical stores will remain an important part of the shopping experience—whether the product ends up being delivered in-store, to the customer's home or to the local railway station. ■

Conclusion

A spate of recent technology has changed the way people shop. As they grow used to buying things online or over their smartphones as well as in-store, retailers must respond by becoming omnichannel. In reality, few—if any—are genuinely omnichannel at the moment, although many are working hard to become so. Online specialists lack a store presence, while traditional retailers are starting to integrate their physical and online presence, but they often have much more work to do.

The first step is to make sure that the various platforms in wide use today are up to speed individually. For a surprising number of retailers, basic work remains to be done. Take a look at two of the bigger UK retailers, for example. M&S only launched its own website in 2014, while the supermarket chain Morrisons had to turn to an outside company to belatedly launch home delivery, also at the start of 2014.

Such tardiness is not as surprising as it seems, given that online retail still accounts for a relatively small—albeit rising—share of the overall market in many countries. Hence, many companies were not wrong in assuming that the bulk of shopping would continue to be done in-store—and that money spent on launching expensive new systems might yield little immediate return. Indeed, for some companies, such as the discount supermarket chains, the argument that they should concentrate on

realising economies of scale through big shops and a limited number of products remains strong.

That said, most retailers are now at least working on forging a convincing online presence and are recognising the growing importance of other platforms, such as mobile and social media. Partly, this is because online channels will become increasingly important sales channels in their own right. But even for sectors such as groceries, where online might remain small, the adoption of hybrid shopping habits means that companies must answer customer demands to be able to switch between channels as and when they like.

In practical terms, this means a major effort and reorganisation for retailers, not just spending heavily on IT to unify systems and create single customer databases spanning store, web and mobile. It also means rejigging team structures and even financial reporting, in order to move away from the old single-channel approach—for example stores sales—and towards one that accepts that all of parts of the puzzle contribute to overall sales. Both John Lewis and (more recently) M&S now account for performance on a regional rather than a store basis to factor in the effect of online sales.

Many big retailers would say that they are working towards such basic integration, although it could take years to make this happen.

Becoming fully omnichannel remains a work in progress. Partly, this is because retail has yet to catch up with shopping habits that continue to evolve rapidly: there is already far too much physical retail space, for example, and the problem will increase as online sales go up. And partly it is because new technology continues to be developed apace, increasing the possibilities for retailers both online and in-store.

While online specialists trial launching their own stores and develop apps that allow people to try on outfits remotely, a handful of big shops are starting to trial such technology in-store, so that people can enjoy the advantages of online and physical retail simultaneously. That makes shopping more convenient, but so far talk of

a truly personalised retail experience remains optimistic.

Online offerings are often crudely tailored, based on recent purchase history rather than a detailed analysis of the wealth of personal information now available to shops. The days when stores will recognise their customers as they come through the door and truly tailor their offering individually are becoming less fanciful technologically, but they are still many years away in reality. As retailers have already discovered to their cost, online and mobile sales are not trends they can ignore if they want to remain competitive in the longer term.

Appendix: Survey results

Percentages may not add to 100% owing to rounding or the ability of respondents to choose multiple responses.

Consumer survey

Which of the following devices do you own or have access to? Please select all that apply
(% respondents)

Laptop
80

Smartphone (voice and internet)
79

Landline phone
74

Desktop computer
65

Tablet
51

Mobile phone (voice and text)
49

None of the above
0
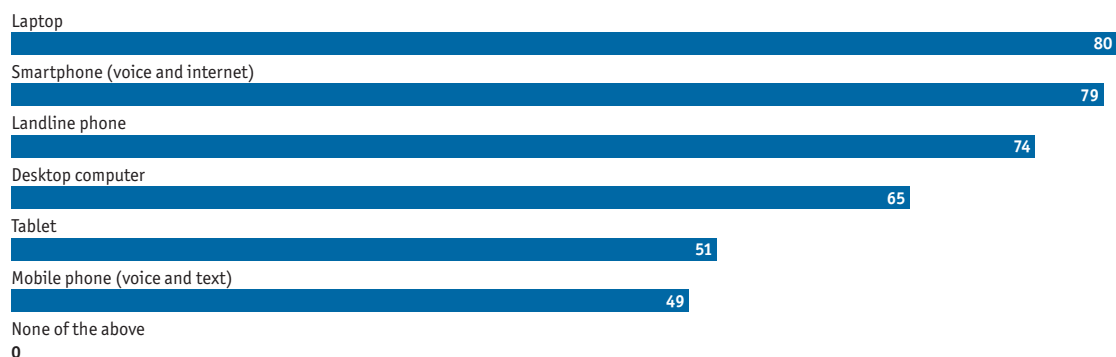
Which of the following channels do you use to learn about and compare products? Please select all that apply
(% respondents)

Search engine tools
69

Company websites
58

Ask family/friends
51

Independent websites
46

Television/radio
43

Bricks-and-mortar premises
42

Newspapers/magazines
41

E-mail
38

Printed catalogues
34

Mobile applications
28

Company social media pages
25

Phone
24

Live chat
15

Kiosk
8

None of the above
3
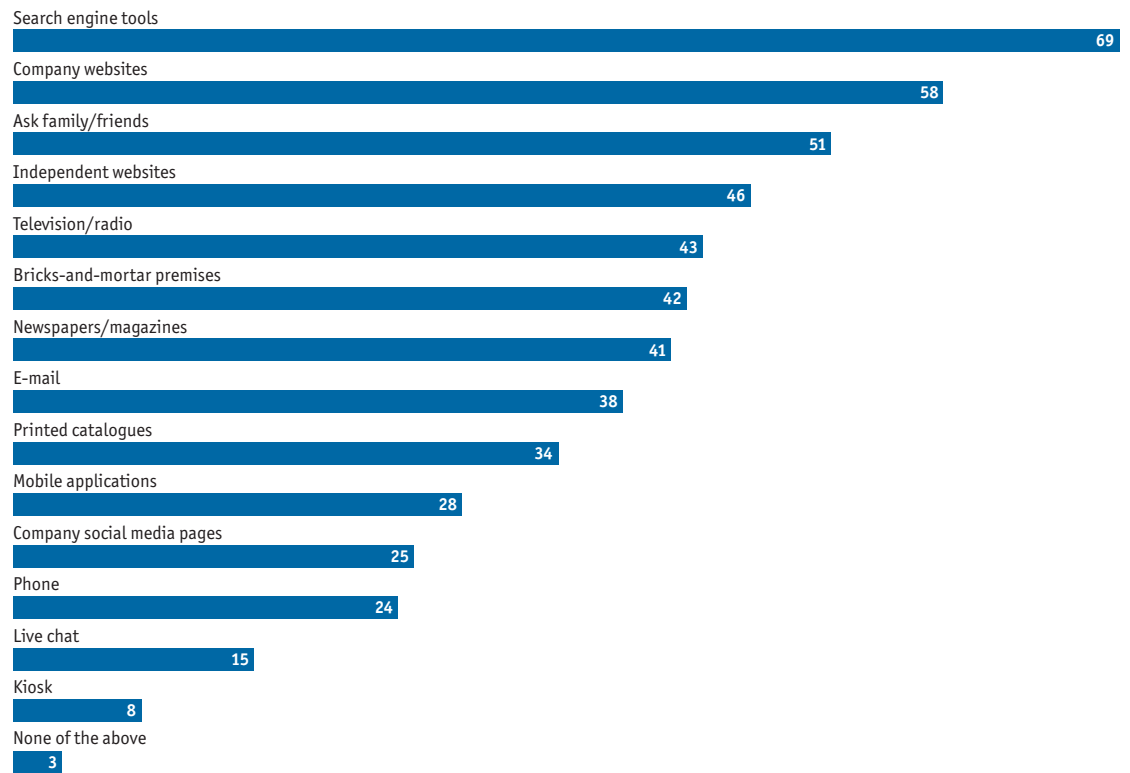
Approximately how much time in a typical week do you spend online for personal purposes?
(% respondents)

More than 50 hours
9

21 to 50 hours
16

16 to 20 hours
14

11 to 15 hours
14

6 to 10 hours
22

2 to 5 hours
20

One hour
4

None
0
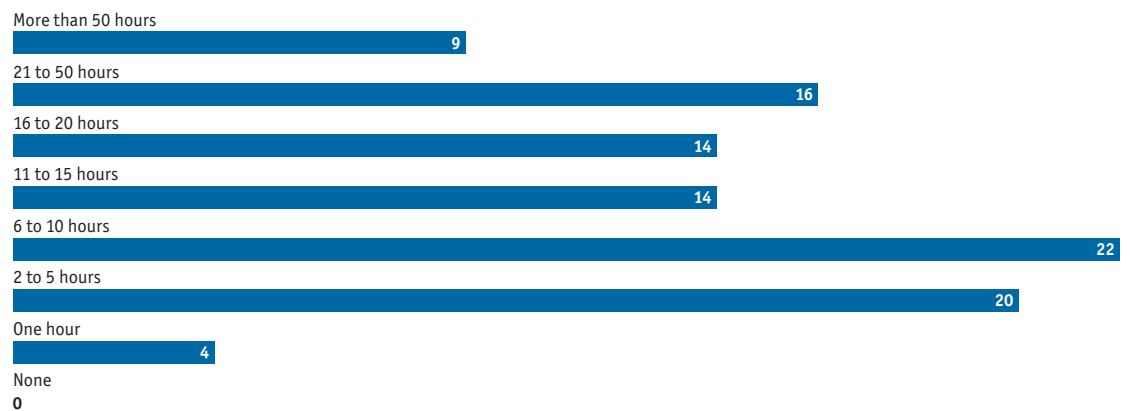
Approximately how many purchases have you completed using online channels in the past year?
(% respondents)

More than 20	27
11 to 20	16
6 to 10	23
2 to 5	24
One	4
None	6

Do you agree or disagree with the following statements about your purchasing practices? Please select one from each row
(% respondents)

Agree Disagree Don't know/not applicable

	Agree	Disagree	Don't know/not applicable
I use online channels to research my selections of some products/services even when I plan to purchase in person at a store	89	7	4
I use social media, blogs and other online channels to learn about experiences of other consumers with products/services or companies	64	27	8
I use social media, blogs and other online channels to share my experiences with products/services or companies	46	43	12
When researching a potential purchase I look for expert reviews on the internet	73	18	9
When researching a potential purchase I look for consumer reviews on the internet	84	10	6
I use a mobile device to look for products/services or suppliers near my location	56	34	10
I go to a store to see a product I have researched online prior to purchasing	75	18	7
While in a store, I comparison shop / check for the best price on my smartphone	52	37	12

On average, how frequently do you use the following channels to interact with a business concerning an actual or potential purchase? Please select one from each row
(% respondents)

Very frequently Frequently Occasionally Rarely Never Don't know/not applicable

	Very frequently	Frequently	Occasionally	Rarely	Never	Don't know/not applicable
Landline phone	9	12	23	26	25	5
Mobile phone (voice and text)	11	16	17	16	30	11
Smartphone (voice and internet)	22	24	20	11	17	6
Desktop computer	22	24	18	11	16	8
Laptop	27	28	20	9	10	6
Tablet	16	18	13	10	27	16

How has the quality of your overall experience as a customer changed over the past three years?
(% respondents)

My experiences have become worse
7

My experiences have become better
51

My experiences have not changed
37

Not sure
5

Thinking of the ideal customer experience, which of the following elements are most important to you?
Please select up to three
(% respondents)

Fast response to enquiries or complaints
47

Simple purchasing processes
47

Ability to track orders in real time
34

Clarity and simplicity of product information across channels
25

Ability to interact with the company over multiple channels (eg, in-person, e-mail, online, mobile, phone)
22

Access to more in-depth product information in stores through technology
18

Ability to interact with the company via multiple channels 24/7
14

Consistency of product information across channels
14

A more personalised experience with relevant offers and recommendations based on my interests
12

Ongoing engagement with the company after the purchase has concluded
10

Customised offers based on my preferences revealed on different channels
7

Company representatives recognise me as a regular customer across all channels
7

Consistency of creative imaging across channels
4

Other (please specify)
1

Not sure
3

What proportion of the companies you deal with currently provide you with a great customer experience?
(% respondents)

51% to 100%
25

31% to 50%
26

21% to 30%
15

11% to 20%
11

10% or less
10

Not sure
10

None
3
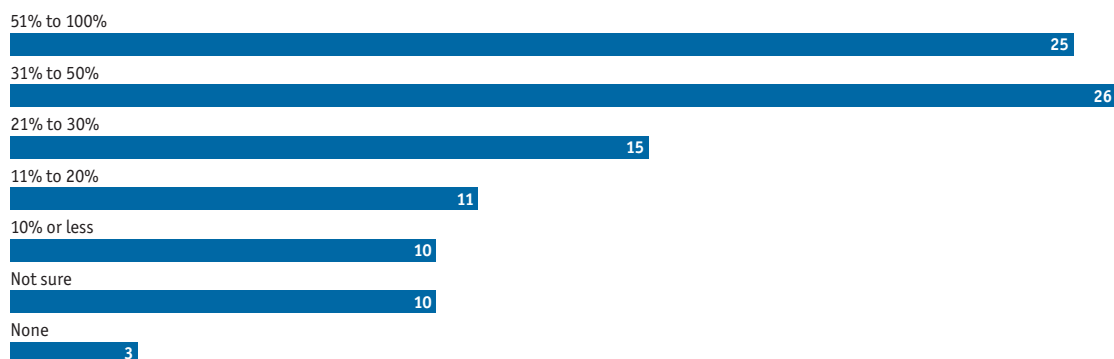
Which industries do you think provide the best overall customer experience? Please select up to two
(% respondents)

Retail
34

Consumer goods
31

Banking
30

Airlines
20

Telecommunications
12

Other (please specify)
2

Not sure
15
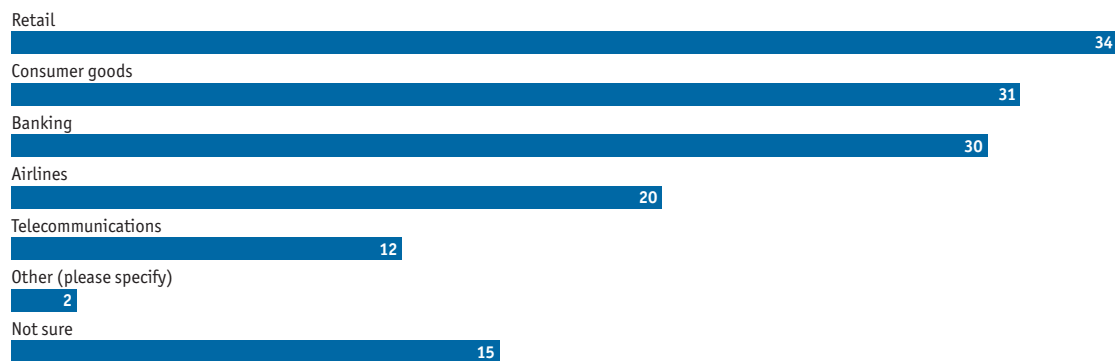
Thinking of the industries that provide the best customer experience, which aspects impress you most? Please select up to four
(% respondents)

Easy online-ordering process
54

Accurate and relevant product information
53

Fast delivery of ordered products
49

Hassle-free returns process
32

Prompt response to complaints
28

Simple in-store purchase process
24

Regular information about the status of my order/shipment
21

Expert advice from company representatives
20

Helpful information about product use
20

Personalised offers reflecting my preferences
19

Post-transaction follow-ups to ensure my satisfaction
12

Other (please specify)
1

Not sure
1

When you have an outstanding experience with a company, what is your typical response? Please select all that apply
(% respondents)

Make a mental note to buy from that company again
69

Tell friends and family in person or by email
51

Take an interest in the company's activities
23

Post a comment on a social media site
23

Thank the company in person, by phone or by email
21

Post a comment on the company's website
19

Follow the company on a social media site
16

Post a review on an independent website
13

Do nothing
5

Not sure
3
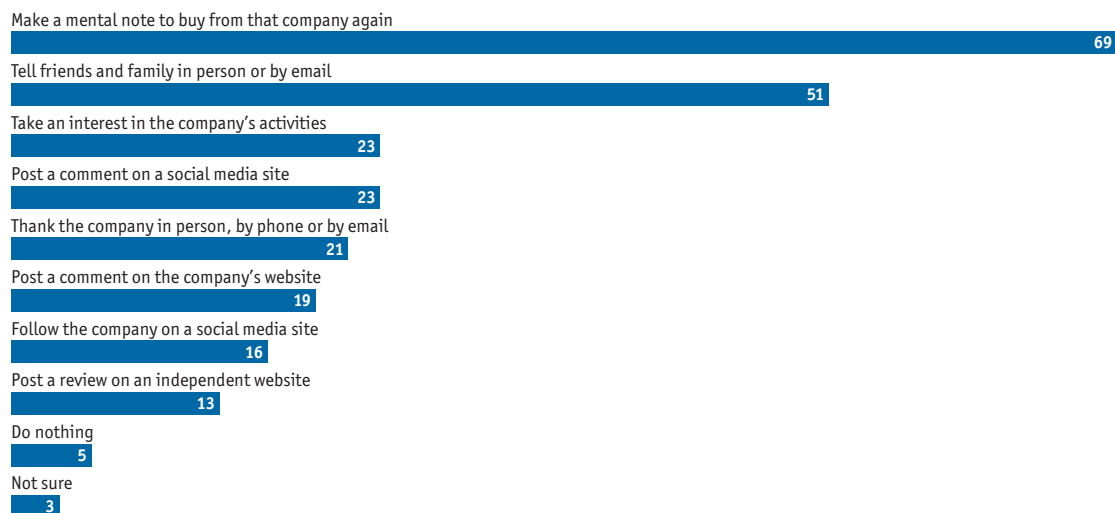
When you have a bad experience with a company, what is your typical response? Please select all that apply.
(% respondents)

Stop doing business with the company
71

Tell friends and family in person or by email
55

Complain to the company in person, by phone or by email
42

Post a comment on a social media site
26

Post a comment on the company's website
21

Post a review on an independent website
15

Do nothing
4

Not sure
3
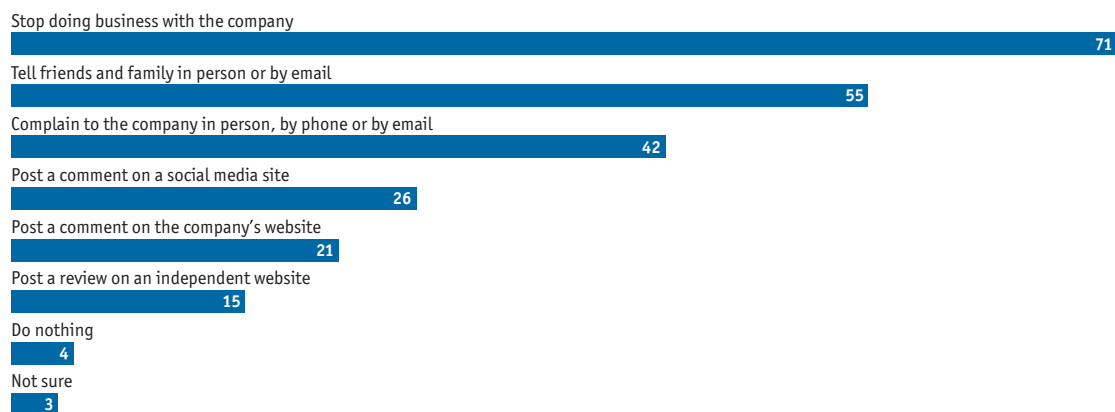
In the past year, how many companies have you stopped doing business with due to a negative experience?
(% respondents)

10 or more
1

5 to 10
3

2 to 5
24

One
26

None
37

Not sure
9
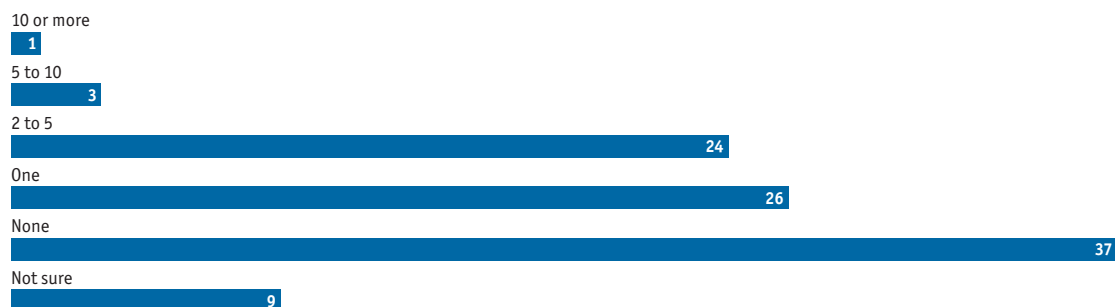
You mentioned that you stopped doing business with at least one company in the last year due to a negative experience. What aspect of that experience annoyed you most? Please select up to three
(% respondents)

Slow response to enquiries or complaints
38

Inaccurate or misleading information about the product
35

Delays in delivering the product or providing the service
30

Inaccuracies in order fulfilment
23

Lack of accessibility of company representatives
23

Unsatisfactory returns process
22

Complicated or unreliable ordering process
17

Failure to keep track of my information
12

Other (please specify)
10

Not sure
1

Have you ever posted negative comments about a company or brand on a social media site or customer reveiw site?
(% respondents)

Yes
39

No
61

You mentioned posting negative comments about a company or brand on a social media site or customer review site. Which of the folowing statements best describes the response you received?
(% respondents)

There was no response to my post
42

A company representative posted a solution that resolved my issue
11

A company representative posted a solution that did not resolve my issue
13

A company representative offered an apology and/or a request for broader feedback
10

A company representative contacted me directly to offer a solution and/or request that I revise my post
7

Other customers responded to my post with their own complaints about the company or brand
14

Other customers responded to my post with positive comments about the company or brand
1

Other (please specify)
2

Which of the following communication channels do you prefer to use when interacting with companies at each stage of an actual or potential purchase? Please select one from each row
(% respondents)

Legend: ■ Desktop/Laptop Internet ■ Tablet/mobile Internet ■ Mobile application ■ Face-to-face ■ Phone ■ E-mail ■ Social media

Stage	Desktop/Laptop Internet	Tablet/mobile Internet	Mobile application	Face-to-face	Phone	E-mail	Social media
Identifying a need	57	13	4	13	6	5	2
Understanding product options/prices	58	16	5	12	5	4	1
Selecting a product	57	13	6	19	2	3	1
Purchasing a product	52	11	4	28	2	2	
Tracking delivery/order fulfilment	54	18	9	8	5	6	1
Obtaining information about product use	58	15	6	10	4	5	2
Returns or warranty issues	41	10	4	21	14	9	1
Conveying compliments or complaints	42	11	4	14	11	14	3

In your opinion what obstacles prevent companies from providing the ideal customer experience? Please select up to three
(% respondents)

Obstacle	%
A lack of interest in customer satisfaction	45
Lack of rigorous training in customer service	34
Failure to perceive customer needs	31
Inadequate staffing levels	30
Cost pressures	24
Difficulty in recruiting/retaining competent staff	23
Incentive structures that emphasise sales numbers over positive interaction	20
An outdated or inadequate web presence	17
Outdated or inadequate communications technology	14
Not sure	6

What are the most important improvements that the companies you buy from regularly could make to improve the overall quality of the customer experience?
(% respondents)

Improvement	%
Provide better links between their in-store and online services (eg, order-in-store, store pickup of online purchases, online viewing of store inventory)	32
Provide better coordination across different parts of the business (eg, marketing, sales, shipping, customer service)	31
Provide customer support 24/7	30
Be more consistent in the way they deal with me as a customer (eg, remembering my past purchases and service problems)	30
Be more consistent in the products and promotions they offer in-store, online and on different internet sites	29
Other (please specify)	3
None of the above	3
Not sure	7

Executive survey

In your opinion, how does your organisation rate on each of the following performance indicators compared with its peers?
Please select one from each row.
(% retail respondents)

■ Well above average ■ Somewhat above average ■ Average/on par with peers ■ Somewhat below average ■ Well below average

Profitability
| 19 | 34 | 35 | 8 | 3 |

Revenue growth
| 13 | 35 | 35 | 13 | 3 |

Market share
| 19 | 27 | 37 | 13 | 3 |

Customer satisfaction
| 27 | 40 | 24 | 5 | 3 |

Customer loyalty
| 27 | 40 | 19 | 10 | 3 |
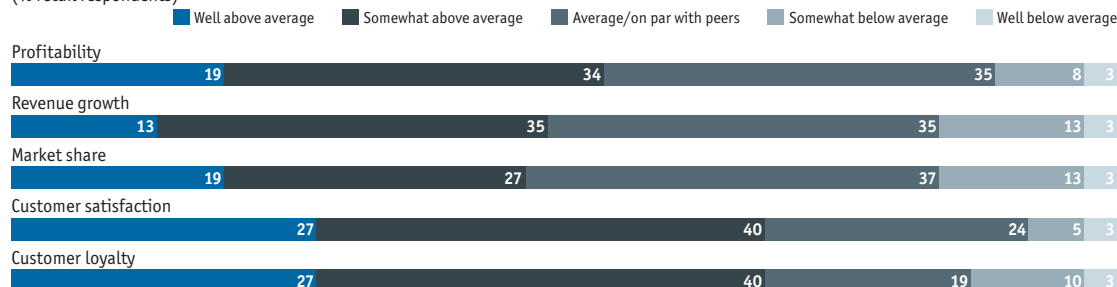
Do you agree or disagree with the following statements about your organisation's strategy for improving the customer experience? Please select one from each.
(% retail respondents)

■ Agree ■ Disagree ■ Don't know/not applicable

Our senior leaders have designated improvement of the customer experience as a key strategic priority
| 77 | 15 | 8 |

We have adopted specific strategies designed to improve the customer experience
| 81 | 13 | 6 |

We have created new executive roles and responsibilities designed to make the organisation more customer-centric
| 39 | 44 | 18 |

We have taken action to support customer interactions with cross-functional approaches in all of our customer-facing activities
| 63 | 26 | 11 |

We believe that it is important that our message to customers remains consistent at every stage of the relationship
| 84 | 11 | 5 |

We believe that new technologies have a vital role to play in improving the customer experience both online and face-to-face
| 79 | 16 | 5 |

We have recognised improved collaboration among employees as a key part of an improved customer experience
| 56 | 34 | 10 |

We have recognised improved collaboration with partners and suppliers as a key part of an improved customer experience
| 68 | 19 | 13 |

We have not yet implemented major initiatives to improve the customer experience but we plan to do so within two years
| 44 | 47 | 10 |

Creating a more holistic customer experience is not a priority for our organisation
| 42 | 48 | 10 |

Which position within your organisation (other than the CEO) has primary accountability for executing strategies to improve the quality of the customer experience?
(% retail respondents)

Chief Customer Officer, Chief Experience Officer or equivalent
8

Chief Marketing Officer
15

Chief Information Officer
15

Chief Operations Officer
23

Chief Technology Officer
10

Chief Sales Officer
2

Chief Procurement Officer
3

Our CEO retains this responsibility personally
13

Other C-level executive (please specify)
0

More than one C-level executive share this responsibility equally (please specify)
2

Don't know/not applicable
11

What level of maturity has your organisation achieved in customer experience management?
(% retail respondents)

Our primary focus is on building relationships with customers to increase satisfaction
35

Our primary focus is on acquiring customers to drive sales
31

Our primary focus is on building customer loyalty and preventing churn
18

Our primary focus is on converting customers into brand advocates/ambassadors
10

Other (please specify)
2

Don't know/not applicable
5
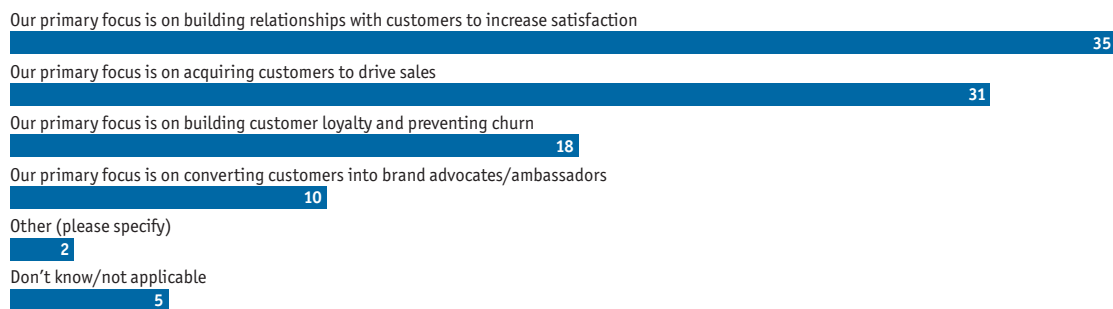
Which of the following statements best describes your organisation's current approach to aligning the customer experience across channels and function?
(% retail respondents)

We are developing a holistic approach to shaping the customer experience and have unified some complementary channels and/or functions, but have not yet achieved a seamless experience
37

We promote collaboration among customer-facing functions to ensure consistency across channels but we have not yet attempted systematic linkages among channels or functions
16

We have established a seamless omni-channel experience across the entire customer journey supported by structured communications among all customer-facing functions
15

We are starting internal discussions on how to align the customer experience across channels and functions
10

Our customer-facing functions are each responsible for improving the customer experience within their own domains
10

We do not recognise improving the customer experience as an important goal
5

Other (please specify)
0

Don't know/not applicable
8

How strongly does your organisation engage customers at the following stages of the customer journey?
Please select one from each row.
(% retail respondents)

Legend: Very strong engagement | Strong engagement | Significant engagement | Low engagement | No engagement | Don't know/not applicable

Stage	Very strong	Strong	Significant	Low	No	Don't know
Perceiving need for product/service	11	42	27	11	5	3
Researching product/service options	8	34	37	11	6	3
Selecting the product/service	13	39	27	15	3	3
Conducting the purchase transaction	15	40	26	13	3	3
Delivery of product/service	18	40	24	10	5	3
Use of product/service	10	34	34	16	3	3
Maintenance, repairs, returns	11	26	35	15	6	6
Becoming an influencer	11	27	35	10	8	8

Which of the following methods does your organisation currently use to map key customer journeys and identify pain points?
Please select all that apply.
(% retail respondents)

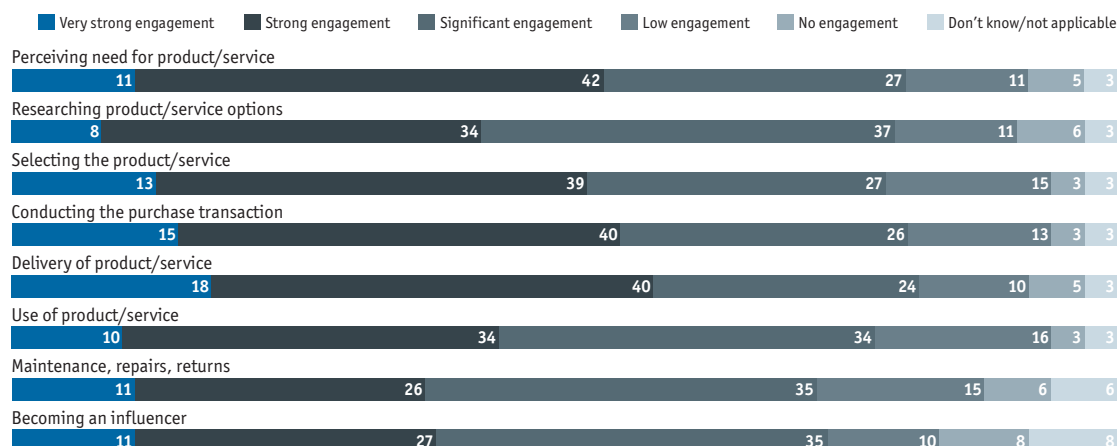| Method	%
Customer and employee surveys	61
Analysis of transactions and complaints data	58
Feedback from social media	47
Consultations with front-line employees	39
Advanced analytics to identify the impact of various journeys on business outcomes	34
Customer experience council	24
Gap analysis comparing marketing promises with services delivered	24
Other (please specify)	2
None of the above	6
Don't know/not applicable	2

Which of the following technologies does your organisation currently use to deliver a seamless customer journey?
Please select all that apply.
(% retail respondents)

Technology	%
Integrated databases of customer information visible to all customer-facing functions	39
Web-based interfaces to provide customers with a single window into the business relationship	39
Employees equipped with mobile or fixed devices such as tablets or displays	37
Big Data tools to monitor customer interactions in real time	35
Predictive analytics to identify pain points and anticipate consumer needs	35
Websites and online content customised for different devices (desktop, tablet, mobile, etc)	34
Other (please specify)	3
Don't know/not applicable	8

What is your organisation's top priority for investments in new technology to support a seamless customer journey?
Please select up to two.
(% retail respondents)

Database technologies to integrate customer information
37

Advanced analytics to achieve customer insights
27

Big Data tools to integrate different types of information
24

Database technologies to provide single inventory and offers across channels
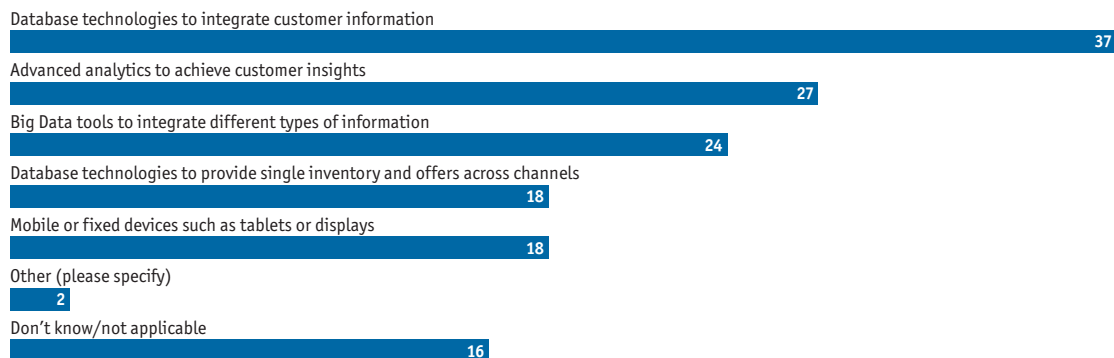18

Mobile or fixed devices such as tablets or displays
18

Other (please specify)
2

Don't know/not applicable
16

Which of the following channels does your organisation currently use to convey messages to customers?
Please select all that apply.
(% retail respondents)

Company websites
79

E-mail
63

Bricks-and-mortar premises
58

Phone
45

Newspapers/magazines
42

Printed catalogues
40

Branded social media pages
40

Television/radio
35

Social media broadcasting
32

Mobile applications
31

Search engine tools
29

Independent websites
19

Live chat
19

Kiosk
15

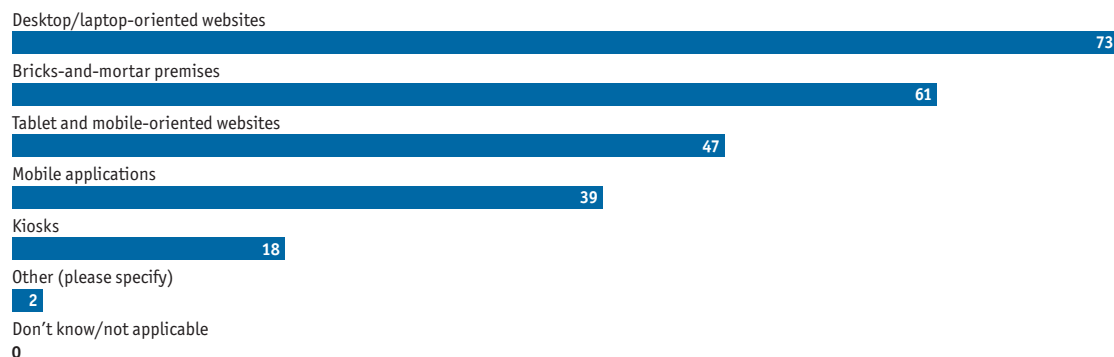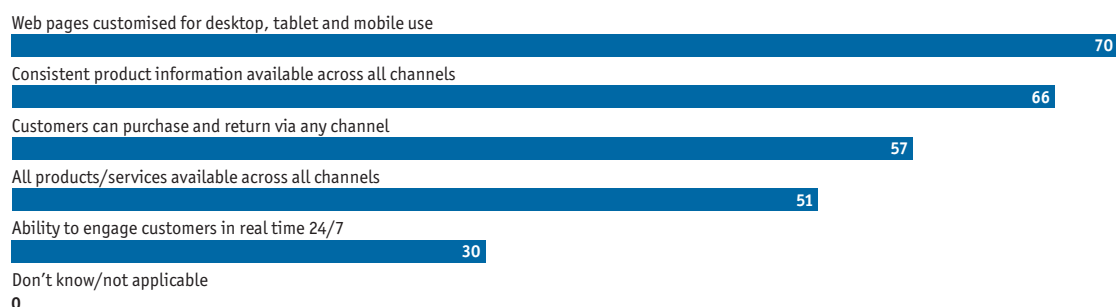Don't know/not applicable
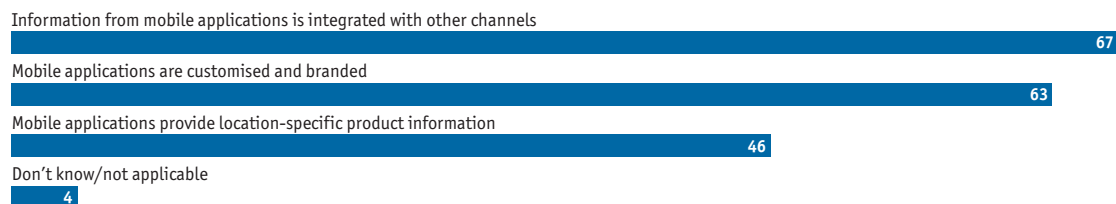2

The Economist | Intelligence Unit
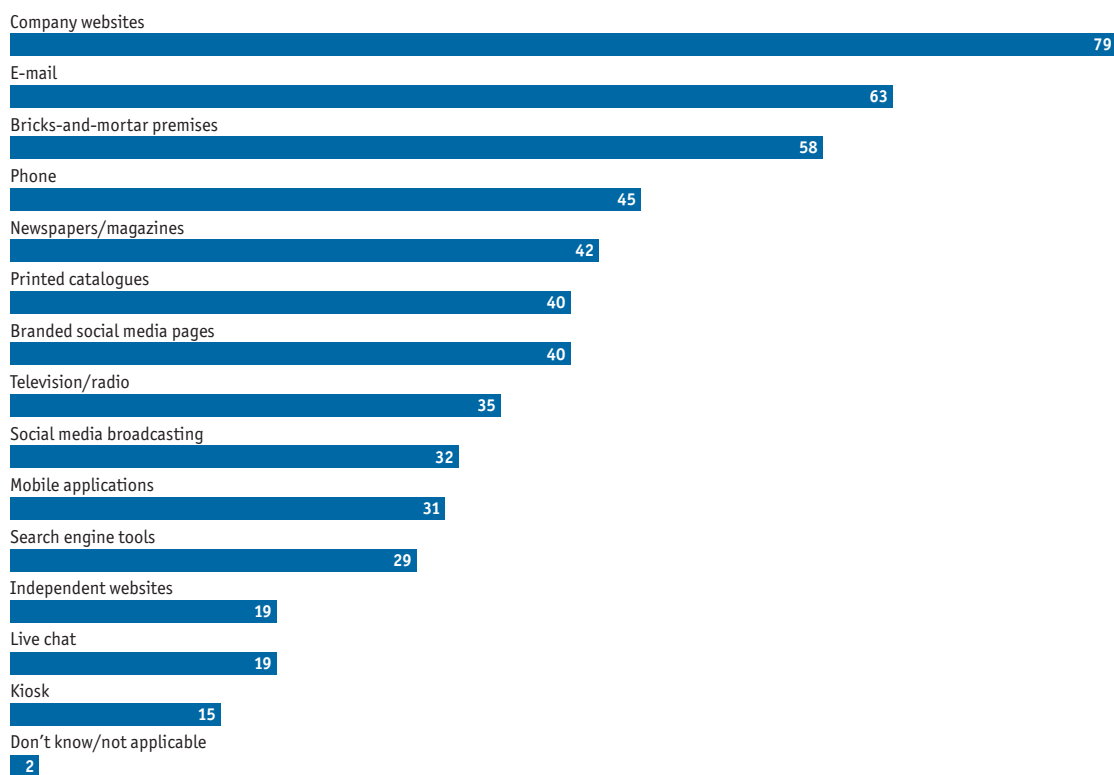
Which of the following channels does your organisation currently use to interact with customers? Please select all that apply.
(% retail respondents)

Desktop/laptop-oriented websites
73

Bricks-and-mortar premises
61

Tablet and mobile-oriented websites
47

Mobile applications
39

Kiosks
18

Other (please specify)
2

Don't know/not applicable
0

Which of the following features does your organisation currently provide? Please select all that apply.
(% of retailers that use desktop/laptop-oriented websites or tablet and mobile-oriented websites as channels to interact with customers)

Web pages customised for desktop, tablet and mobile use
70

Consistent product information available across all channels
66

Customers can purchase and return via any channel
57

All products/services available across all channels
51

Ability to engage customers in real time 24/7
30

Don't know/not applicable
0

Which of the following features does your organisation currently provide? Please select all that apply.
(% of retailers that use mobile applications as channel to interact with customers)

Information from mobile applications is integrated with other channels
67

Mobile applications are customised and branded
63

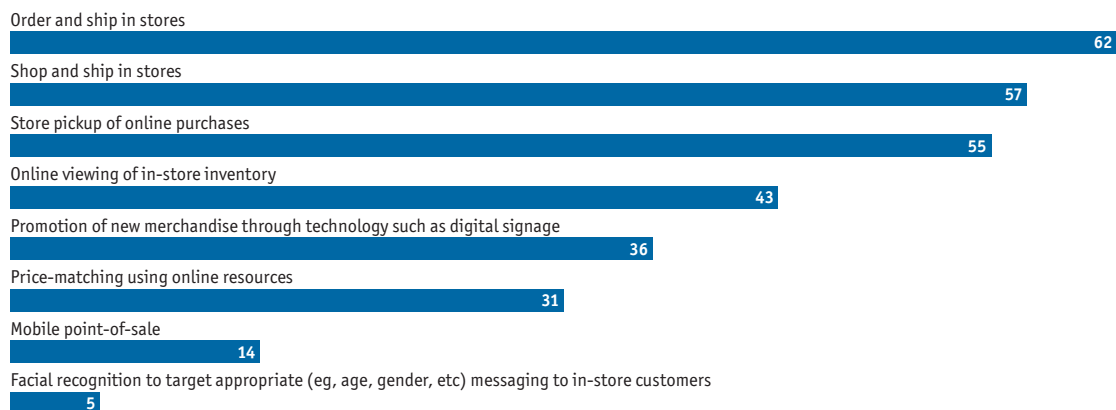Mobile applications provide location-specific product information
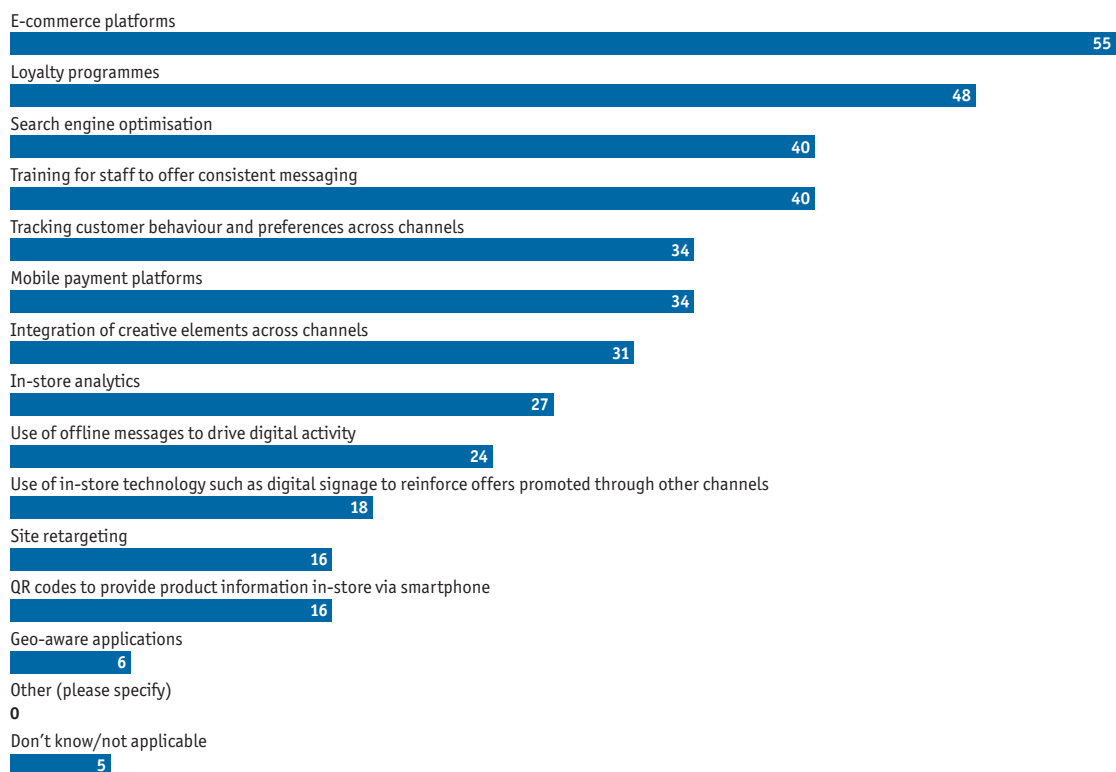46

Don't know/not applicable
4

Which of the following capabilities does your organisation currently provide? Please select all that apply.
(% of retailers that use bricks-and-mortar premises or kiosks as channels to interact with customers)

Order and ship in stores
62

Shop and ship in stores
57

Store pickup of online purchases
55

Online viewing of in-store inventory
43

Promotion of new merchandise through technology such as digital signage
36

Price-matching using online resources
31

Mobile point-of-sale
14

Facial recognition to target appropriate (eg, age, gender, etc) messaging to in-store customers
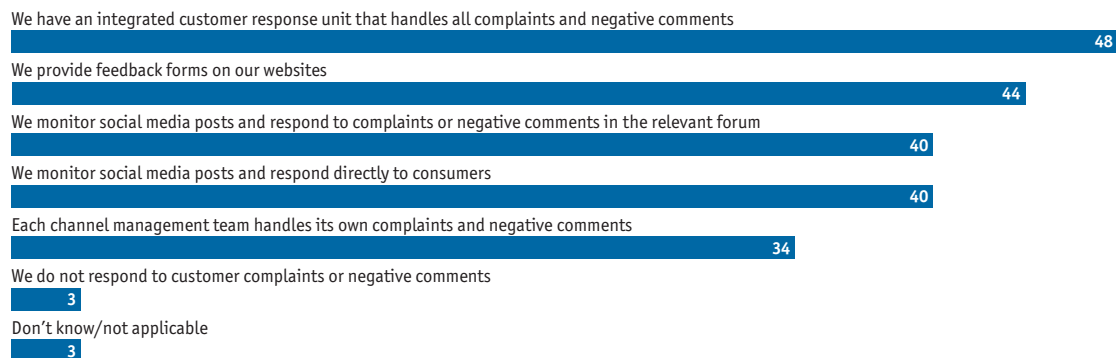**5**

Which of the following methods does your organisation use to support a consistent omni-channel experience for customers?
Please select all that apply.
(% retail respondents)

E-commerce platforms
55

Loyalty programmes
48

Search engine optimisation
40

Training for staff to offer consistent messaging
40

Tracking customer behaviour and preferences across channels
34

Mobile payment platforms
34

Integration of creative elements across channels
31

In-store analytics
27

Use of offline messages to drive digital activity
24

Use of in-store technology such as digital signage to reinforce offers promoted through other channels
18

Site retargeting
16

QR codes to provide product information in-store via smartphone
16

Geo-aware applications
6

Other (please specify)
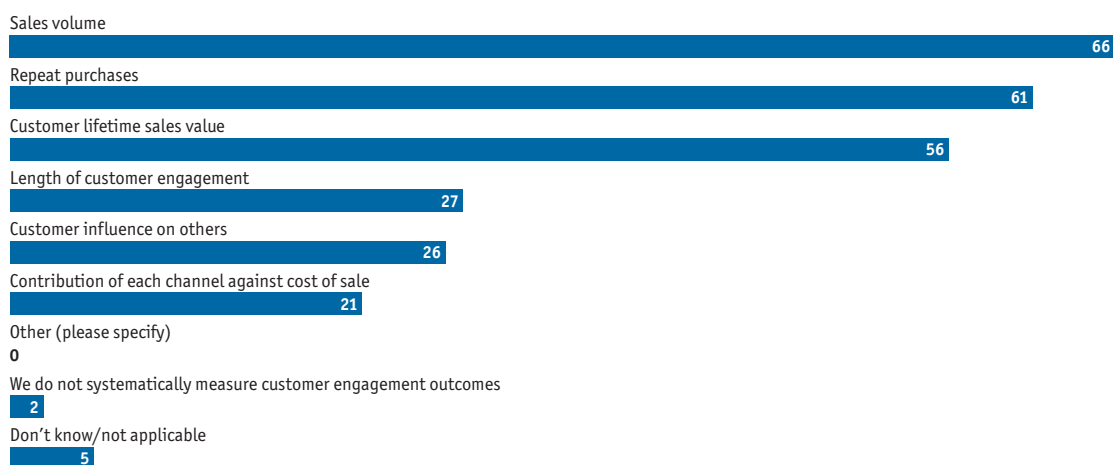**0**

Don't know/not applicable
5

Which of the following methods does your organisation use to respond to customer complaints or negative comments?
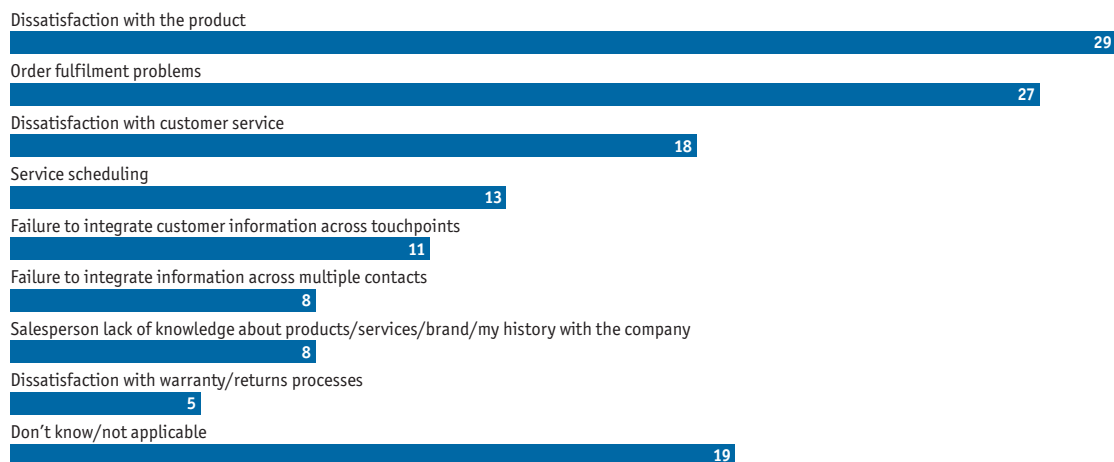Please select all that apply.
(% retail respondents)

We have an integrated customer response unit that handles all complaints and negative comments
48

We provide feedback forms on our websites
44

We monitor social media posts and respond to complaints or negative comments in the relevant forum
40

We monitor social media posts and respond directly to consumers
40

Each channel management team handles its own complaints and negative comments
34

We do not respond to customer complaints or negative comments
3

Don't know/not applicable
3

How does your organisation measure the outcomes of its consumer experience strategy? Please select all that apply.
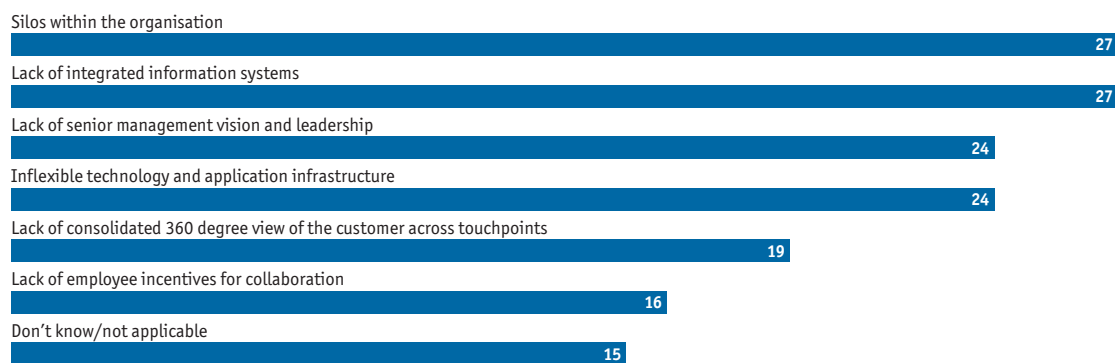(% retail respondents)

Sales volume
66

Repeat purchases
61

Customer lifetime sales value
56

Length of customer engagement
27

Customer influence on others
26

Contribution of each channel against cost of sale
21

Other (please specify)
0

We do not systematically measure customer engagement outcomes
2

Don't know/not applicable
5

What are your customers' most frequent complaints? Please select up to two.
(% retail respondents)

Dissatisfaction with the product
29

Order fulfilment problems
27

Dissatisfaction with customer service
18

Service scheduling
13

Failure to integrate customer information across touchpoints
11

Failure to integrate information across multiple contacts
8

Salesperson lack of knowledge about products/services/brand/my history with the company
8

Dissatisfaction with warranty/returns processes
5

Don't know/not applicable
19

What obstacles stand in the way of improving your organisation's customer experience? Please select up to two.
(% retail respondents)

Silos within the organisation
27

Lack of integrated information systems
27

Lack of senior management vision and leadership
24

Inflexible technology and application infrastructure
24

Lack of consolidated 360 degree view of the customer across touchpoints
19

Lack of employee incentives for collaboration
16

Don't know/not applicable
15

In your opinion, which of the following industries has achieved the greatest success in providing an excellent customer experience?
(% retail respondents)

Retail
56

Banking
13

Telecommunications
6

Consumer goods manufacturing
6

Airlines
6

Other (please specify)
0

Don't know
11